





675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)
E-mail: cm@riodellcity.com

CITY OF RIO DELL
STAFF REPORT
CITY COUNCIL AGENDA
September 5, 2017

TO: Mayor and Members of the City Council

THROUGH: Kyle Knopp, City Manager 

FROM: Brooke Woodcox, Finance Director 

DATE: September 5, 2017

SUBJECT: Fiscal Year 2015/16 Audited Financial Statements

Recommendation

Receive and file the City's audited financial statements and accompanying information.

BACKGROUND AND DISCUSSION

Each year an independent auditing firm audits and prepares financial statements for the City of Rio Dell in accordance with Generally Accepted Accounting Standards (GAAP) and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that an audit be performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The City of Rio Dell's auditors found that the Financial Statements "present fairly, in all material respects, the respective financial position...as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America" (*City of Rio Dell Basic Financial Statements, June 30, 2016, page 1, Opinion Section*).

ATTACHMENTS:

- Summarized Financial Statement Information
- Basic Financial Statements for June 30, 2016

SUMMARIZED BASIC FINANCIAL STATEMENT INFORMATION
Governmental Funds
For the period ended June 30, 2016

GENERAL FUND

BEGINNING FUND BALANCE	1,007,861
ADD Revenues	975,283
LESS Expenditures	801,482
Change in Fund Balance	173,801
ENDING FUND BALANCE	1,181,662

The General Fund beginning fund balance at June 30, 2015 was \$1,007,861. During fiscal year 2015/16 Fund balance increased \$173,801 for an ending fund balance of \$1,181,662 at June 30, 2016. Unassigned fund balance was \$1,130,323.

GOVERNMENTAL FUNDS (Not Inc. General Fund)

BEGINNING FUND BALANCE	1,841,603
ADD Revenues	493,712
LESS Expenditures	535,222
Change in Fund Balance	(41,510)
ENDING FUND BALANCE	1,800,093

All other governmental funds beginning fund balances at June 30, 2015 totalled \$1,841,603. During fiscal year 2015/16 Fund balances decreased \$41,510 for an ending fund balance of \$1,800,093 at June 30, 2016. Unassigned fund balance was \$26,375. CDBG notes receivable (Nonspendable) was \$1,195,273.

SUMMARIZED BASIC FINANCIAL STATEMENT INFORMATION

Enterprise Funds

For the period ended June 30, 2016

SEWER FUND

BEGINNING <u>UNRESTRICTED</u> FUND BALANCE	1,712,009
ADD Revenues	1,166,320
LESS Expenditures	909,142
Change in Unrestricted Fund Balance	257,178
ENDING <u>UNRESTRICTED</u> FUND BALANCE	1,969,187

Sewer Fund beginning *unrestricted* fund balance at June 30, 2015 was \$1,712,009. During fiscal year 2015/16 Sewer Fund balance increased \$257,178 for an ending *unrestricted* fund balance of \$1,969,187 at June 30, 2016. Investment in capital assets, net of related debt was \$8,433,924.

WATER FUND

BEGINNING <u>UNRESTRICTED</u> FUND BALANCE	415,900
ADD Revenues	1,362,846
LESS Expenditures	1,084,456
Change in Unrestricted Fund Balance	278,390
ENDING <u>UNRESTRICTED</u> FUND BALANCE	694,290

Water Fund beginning *unrestricted* fund balance at June 30, 2015 was \$415,900. During fiscal year 2015/16 Water Fund balance increased \$278,390 for an ending *unrestricted* fund balance of \$694,290 at June 30, 2016. Investment in capital assets, net of related debt was \$6,769,536.

CITY OF RIO DELL
RIO DELL, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Rio Dell
Rio Dell, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rio Dell, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Rio Dell's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to City of Rio Dell's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Rio Dell's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and, where applicable, cash flows of City of Rio Dell, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-11) and the required supplemental information (page 40), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017, on our consideration of City of Rio Dell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
June 21, 2017

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

This discussion and analysis of City of Rio Dell's financial activities and performance provides an overview for the fiscal year ended June 30, 2016. Please read this in conjunction with City of Rio Dell's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

The Government-wide Statement of Net Position appearing as the first statement of the Basic Financial Statements and summarized in the Management's Discussion and Analysis shows City of Rio Dell's (the City's) total assets to be \$33,696,069, total liabilities to be \$8,552,129 and total net position to be \$25,143,940.

The City's net capital assets, net of related debt, totaled \$19,532,373 at June 30, 2016. This amount represents capital assets net of the related debt to acquire the capital assets. As a "small" City under the definition of Governmental Accounting Standards Board Statement No. 34 (GASB Statement No. 34), the City is not required to report, and has not reported, infrastructure (i.e. streets, streetlights, sidewalks, etc.) assets acquired prior to June 30, 2003 in accounting for capital assets. Beginning in fiscal year 2003-04, the City began to capitalize the cost of its capital projects on a go-forward basis.

The City's long-term debt (including current portion) totaled \$8,178,845 as of June 30, 2016. This amount includes the DHS Infiltration Gallery Loan and other items reported in previous years in the General Long-Term Debt column, as well as debt related to business-type activities (see Note 5 of the financial statements).

Governmental Funds Financial Statements

At June 30, 2016, Governmental Fund balances totaled \$2,981,755, an increase of \$132,291 from June 30, 2015. This increase is primarily due to the reduction of capital outlay costs. The detailed components of revenues and expenditures can be found in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances.

The core operations of the City are accounted for in the General Fund, and the General Fund balance is a key measure of the financial health of the City. As of June 30, 2016, the General Fund balance was \$1,181,662, an increase of \$173,801 from the July 1, 2015 balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Basic Financial Statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or diminishing.

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

The Statement of Activities presents information that shows how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event causing the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses may be reported in this statement for some items that will result in cash flows in future fiscal periods, such as property taxes assessed but not collected by June 30 and interest expenses accrued but not paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of government entities can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Funds Financial Statements focus on short-term inflows and outflows of spendable resources and balances of these resources available for spending. This information may be useful in evaluating a government's short-term financing requirements. Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Funds Financial Statements.

The City maintains numerous individual governmental funds, which for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). Funds whose expenditures exceed 10% of the total expenditures for all governmental funds, or meet other specific criteria for determining their importance to the financial statement user, are designated Major Funds and are reported separately in the governmental funds statements. All other funds are grouped together as Non-Major Funds for reporting purposes. The City's Major governmental funds are:

- General Fund
- Community Development Block Grant Fund.

All of the City's Enterprise Funds are reported as Major Funds.

Proprietary Funds

Proprietary funds generally account for services for which customer fees are intended to finance the costs of operations and can include enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary Funds Financial Statements are prepared on the full accrual basis, as in the past, and include all of their assets and liabilities, current and long-term.

The City does not have any internal service funds.

Fiduciary Funds

Fiduciary statements are used to account for resources held for the benefit of parties outside of the reporting government for which the City acts solely as agent. These statements are separate from, and their balances are excluded from, the City's financial statements.

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Position and Statement of Activities, while Tables 4 and 5 focus on the City's Business-type Statement of Net Position and Statement of Activities.

Governmental Activities

Table 1
Governmental Net Position at June 30

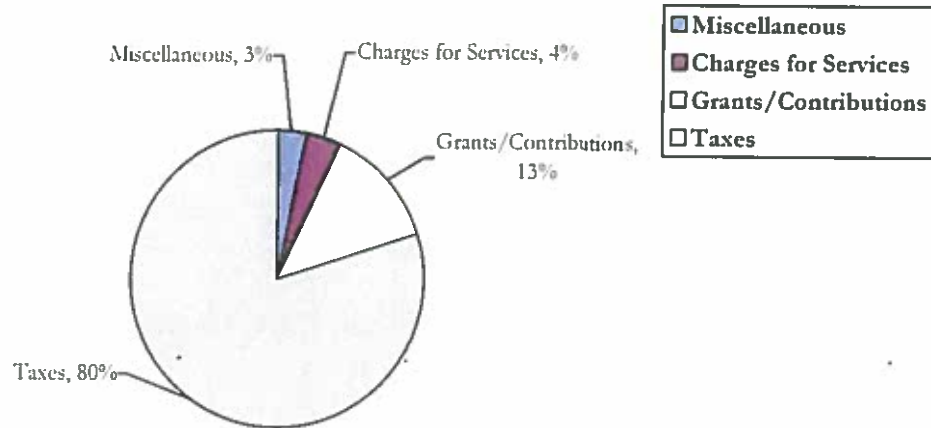
	Governmental Activities 2016	Governmental Activities 2015
Current and other assets	\$ 3,085,976	\$ 2,944,037
Capital assets, net of accumulated depreciation	<u>4,328,913</u>	<u>4,417,685</u>
Total assets	<u>7,414,889</u>	<u>7,361,722</u>
Other liabilities	<u>130,364</u>	<u>134,420</u>
Total liabilities	<u>130,364</u>	<u>134,420</u>
Net position:		
Invested in capital assets, net of related debt	4,328,913	4,417,685
Restricted	1,195,832	1,254,518
Unrestricted	<u>1,759,780</u>	<u>1,555,099</u>
Total net position	<u>\$ 7,284,525</u>	<u>\$ 7,227,302</u>

The City's governmental net position amounted to \$7,284,525 as of June 30, 2016, an increase of \$57,223 from 2015. This change is the Change in Net Position in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net position as of June 30, 2016 comprised the following:

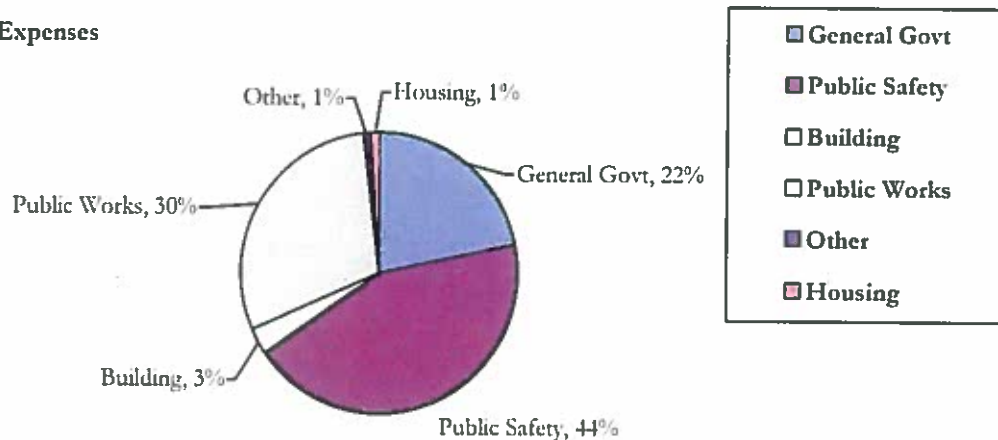
- Cash and investments were comprised of \$1,560,138 in the City treasury. Substantially all of these amounts were held in short-term investments in government securities, as detailed in Note 2 to the basic financial statements.
- Receivables were comprised of the following: \$245,632 of current receivables, \$33,035 of grants receivable, and \$1,195,832 in loans receivable that are due over longer periods of time.
- Capital assets were \$4,328,913 net of depreciation charges, which includes all the City's capital assets used in governmental activities.
- Current liabilities, including accounts payable, claims, accrued liabilities, and other amounts currently due, totaled \$130,364.
- Net position invested in capital assets, net of related debt, was \$4,328,913, representing the City's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$1,759,780 of unrestricted net position as of June 30, 2016. Restricted net position of \$1,195,832 is legally restricted.

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Sources of Revenue



Functional Expenses



As the Sources of Revenue Chart above shows, \$1,153,817 or 80%, of the City's fiscal year 2016 governmental activities revenue came from taxes, while \$181,943, or 13%, came from grants and contributions, \$64,508, or 4%, came from charges for services, and the remainder came from a variety of sources, as shown above.

The Functional Expenses Chart above includes only current year expenses; it does not include capital outlays, which are now added to the City's capital assets. As the Chart shows, general government expenses were \$299,978, or 22%, of total government expenses, public safety was \$613,556 or 44%, planning and public works was \$422,737, or 30%, building department was \$38,418, or 3%, housing was \$6,850, or 1%, and other governmental programs and functions were the remaining 1%.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Table 2
Changes in Governmental Net Position

	Governmental Activities 2016	Governmental Activities 2015
<u>Expenses</u>		
General government	\$ 299,778	\$ 196,135
Public safety	613,556	649,128
Planning and Public Works	422,737	605,269
Building	38,418	-
Housing and Community Development	6,850	31,700
Recycling	7,756	17,450
Total expenses	<u>1,389,095</u>	<u>1,499,682</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	64,508	65,090
Grants - capital	<u>181,943</u>	<u>114,817</u>
Total program revenues	<u>246,451</u>	<u>179,907</u>
General revenues:		
Taxes	1,153,817	943,105
Interest and use of property	30,779	52,438
Miscellaneous	<u>15,272</u>	<u>57,785</u>
Total general revenues	<u>1,199,867</u>	<u>1,053,328</u>
Total revenues	<u>1,446,319</u>	<u>1,233,235</u>
Change in net position	<u>\$ 57,223</u>	<u>\$ (266,447)</u>

As the Sources of Revenue Chart and Table 2 above show, \$246,451, or 17%, of the City's fiscal year 2016 governmental revenue, came from program revenues and \$1,202,545, or 83%, came from general revenues such as taxes and interest and transfers.

Program revenues were composed of charges for services of \$64,508, which includes permit revenues, fees and charges used to fund expenses incurred in providing services; and grants and contributions of \$181,943, that consist mainly of street project grants and developer impact fees restricted to capital outlay.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Business-type Activities

The Statement of Net Position and Statement of Activities present a summary of the City's business-type activities that are composed of the City's enterprise funds.

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Table 3
Business-Type Net Position at June 30

	Business-Type 2016	Business-Type 2015
Current and other assets	\$ 2,906,355	\$ 2,346,875
Capital assets, net of accumulated depreciation	<u>23,382,305</u>	<u>23,789,419</u>
Total assets	<u>26,288,660</u>	<u>26,136,294</u>
Long-term debt	8,178,845	8,501,010
Other liabilities	<u>242,920</u>	<u>218,966</u>
Total liabilities	<u>8,421,765</u>	<u>8,719,976</u>
Net position:		
Invested in capital assets, net of related debt	15,203,460	15,288,409
Unrestricted	<u>2,663,435</u>	<u>2,127,909</u>
Total net position	<u>\$ 17,866,895</u>	<u>\$ 17,416,318</u>

Table 4
Changes in Business-Type Net Position

	Business-Type Activities 2016	Business-Type Activities 2015
<u>Expenses</u>		
Water	\$ 857,348	\$ 856,628
Sewer	<u>1,362,701</u>	<u>1,345,459</u>
Total expenses	<u>2,220,049</u>	<u>2,202,087</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	2,103,882	1,244,113
Grants - capital	<u>561,305</u>	<u>982,195</u>
Total program revenues	<u>2,665,187</u>	<u>2,226,308</u>
General revenues:		
Miscellaneous	<u>5,508</u>	<u>4,417</u>
Total general revenues	<u>5,508</u>	<u>4,417</u>
Total revenues	<u>2,670,695</u>	<u>2,230,725</u>
Change in net position	<u>\$ 450,646</u>	<u>\$ 28,638</u>

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Analyses of Major Funds

Governmental Funds

General Fund

General Fund revenues increased \$179,759 this fiscal year due primarily to increases in tax revenues. Actual revenues were over budgeted amounts by \$72,374. Charges for services increased \$8,259.

General Fund expenditures were \$778,805, a decrease of \$39,345 from the prior year. Expenditures were \$157,420 less than budgeted.

As of June 30, 2016, the General Fund's fund balance totaled \$1,181,662.

Community Development Block Grant Fund

This fund is used to account for capital expenditures, maintenance, rehabilitation, reconstruction and construction related to the City's low income housing programs. The fund's fiscal year end fund balance was \$1,195,273.

Other Governmental Funds

These funds are not presented separately in the basic financial statements.

Proprietary Funds

Sewer Fund

The change in net position of the Sewer Fund resulted in a decrease of \$54,852 in fiscal year 2016. Operating revenues decreased \$26,734 due to a decrease in charges for services. Operating expenses increased \$54,492 due to an increase in repairs and maintenance.

As of June 30, 2016, the fund's net position was \$10,403,038.

Water Fund

Operating revenues increased \$180,526 due to an increase in rates. Expenses increased \$720 due to an increase in repairs and maintenance costs.

As a result the fund's net position increased \$505,498, to a new total of \$7,463,857.

CAPITAL ASSETS

GASB Statement No. 34 requires the City to record all its capital assets including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

In fiscal year 2016, the City reported the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2016 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 5 below:

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Table 5
Capital Assets at Year-end

	Balance at June 30, 2016	Balance at June 30, 2015
<u>Governmental Activities</u>		
Land (not depreciated)	\$ 627,945	\$ 627,945
Construction-in-progress (not depreciated)	-	64,114
Buildings and improvements	50,352	50,352
Equipment and vehicles	674,742	674,742
Infrastructure	4,225,754	4,144,091
Less: accumulated depreciation	(1,249,880)	(1,143,559)
Government activity capital assets, net	<u>\$ 4,328,913</u>	<u>\$ 4,417,685</u>
<u>Business-type Activities</u>		
Land (not depreciated)	\$ 507,859	\$ 507,859
Construction in progress (not depreciated)	344,870	66,938
Buildings and improvements	206,508	206,508
Equipment and vehicles	1,101,022	1,054,881
Infrastructure	25,151,412	25,146,062
Less: accumulated depreciation	(3,929,366)	(3,192,830)
Government activity capital assets, net	<u>\$ 23,382,305</u>	<u>\$ 23,789,418</u>

Detail on capital assets, current year additions and construction in progress can be found in Note 4.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB Statement No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 4 to the basic financial statements.

DEBT ADMINISTRATION

The City's debt issues are discussed in detail in Note 5 to the financial statements. As of June 30, 2016, the City's debt was comprised of the following:

Table 6
Outstanding Debt

	2016	2015
<u>Business-Type Activity Debt:</u>		
DHS Infiltration Gallery Loan	\$ 1,836,000	\$ 1,972,000
FMHA Special Assessment Bonds	60,000	85,000
RCAC Sewer Planning and Design	6,282,845	6,444,010
Compensated absences	19,032	15,967
Total Business-Type Activity Debt	<u>\$ 8,197,877</u>	<u>\$ 8,516,977</u>

City of Rio Dell
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

Overall, the City appears to be in a positive position to continue to provide services to the community.

Next Year's Budget

- There are limited investment opportunities for idle cash reserves.

This was taken into consideration during the preparation of the City's budget for the fiscal year 2016-17.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions about this report should be directed to the City of Rio Dell, at 675 Wildwood Avenue, Rio Dell, CA 95562.

City of Rio Dell
STATEMENT OF NET POSITION
June 30, 2016

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Totals
Current assets:			
Cash and investments	\$ 1,559,579	\$ 2,532,948	\$ 4,092,527
Accounts receivable	246,191	226,212	472,403
Grants receivable	33,035	87,195	120,230
Notes receivable	1,195,832	-	1,195,832
Assessments receivable	-	60,000	60,000
Internal balances	-	-	-
Prepaid items	51,339	-	51,339
Capital assets:			
Non-depreciable	627,945	852,729	1,480,674
Depreciable, net of accumulated depreciation	<u>3,700,968</u>	<u>22,529,576</u>	<u>26,230,544</u>
Total assets	<u>7,414,889</u>	<u>26,288,660</u>	<u>33,703,549</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued expenses	104,220	60,521	164,741
Accrued interest	-	92,157	92,157
Customer deposits	-	71,210	71,210
Compensated absences	<u>26,144</u>	<u>19,032</u>	<u>45,176</u>
Long-term debt:			
Due within one year	-	330,711	330,711
Due in more than one year	<u>-</u>	<u>7,848,134</u>	<u>7,848,134</u>
Total liabilities	<u>130,364</u>	<u>8,421,765</u>	<u>8,552,129</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	4,328,913	15,203,460	19,532,373
Restricted	1,195,832	-	1,195,832
Unrestricted	<u>1,759,780</u>	<u>2,663,435</u>	<u>4,423,215</u>
Total net position	<u>\$ 7,284,525</u>	<u>\$ 17,866,895</u>	<u>\$ 25,151,420</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) and Revenue Changes in Net Position		Total
	Expenses	Charges for Services	Operating	Capital	City Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	
<u>City Government</u>							
Governmental activities:							
General government	\$ 299,778	\$ -	\$ -	\$ -	\$ (299,778)		\$ (299,778)
Public safety - Police	613,556	-	-	-	(613,556)		(613,556)
Planning and public works	422,737	64,508	-	181,943	(176,286)		(176,286)
Building	38,418	-	-	-	(38,418)		-
Housing and Community Development	6,850	-	-	-	(6,850)		(6,850)
Recycling	7,756	-	-	-	(7,756)		(7,756)
Total governmental activities	1,389,095	64,508	-	181,943	(1,142,644)		(1,104,226)
Business-type activities:							
Sewer	1,362,701	1,225,383	-	81,505	-	\$ (55,813)	(55,813)
Water	857,348	878,499	-	479,800	-	500,951	500,951
Total business-type activities	2,220,049	2,103,882	-	561,305	-	445,138	445,138
Total	\$ 3,609,144	\$ 2,168,390	\$ -	\$ 743,248	(1,142,644)	445,138	(1,104,226)
General revenues:							
Taxes							
Property taxes					116,326	-	116,326
Sales taxes					356,655	-	356,655
Occupancy					13,304	-	13,304
Gas					224,000	-	224,000
Franchise taxes					85,422	-	85,422
Motor vehicle taxes					358,109	-	358,109
Interest income					30,779	-	30,779
Transfers					(2,677)	2,677	-
Miscellaneous					17,949	2,831	20,780
Total general revenues and special items					1,199,867	5,508	1,205,375
Change in net position					57,223	450,646	507,869
Net position beginning of period					7,227,302	17,416,249	24,643,551
Net position ending of period					\$ 7,284,525	\$ 17,866,895	\$ 25,151,420

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016

	General Fund	CDBG	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 1,051,240	\$ -	\$ 508,339	\$ 1,559,579
Accounts receivable	123,611	-	122,580	246,191
Grants receivable	-	-	33,035	33,035
Due from other funds	47,055	-	-	47,055
Notes receivable	-	1,195,832	-	1,195,832
Prepaid items	51,339	-	-	51,339
Total Assets	<u>\$ 1,273,245</u>	<u>\$ 1,195,832</u>	<u>\$ 663,954</u>	<u>\$ 3,133,031</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 13,866	\$ 559	\$ 12,079	\$ 26,504
Accrued expenditures	77,717	-	-	77,717
Due to other funds	-	-	47,055	47,055
Total Liabilities	<u>91,583</u>	<u>559</u>	<u>59,134</u>	<u>151,276</u>
<u>FUND BALANCES</u>				
Nonspendable	51,339	1,195,273	-	1,246,612
Assigned	-	-	578,445	578,445
Unassigned	1,130,323	-	26,375	1,156,698
Total Fund Balances	<u>1,181,662</u>	<u>1,195,273</u>	<u>604,820</u>	<u>2,981,755</u>
Total Liabilities and Fund Balances	<u>\$ 1,273,245</u>	<u>\$ 1,195,832</u>	<u>\$ 663,954</u>	<u>\$ 3,133,031</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET POSITION
For the Year Ended June 30, 2016

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,981,755

Amounts reported for Governmental Activities in the Statement of
Net Position are different from those reported in the Governmental
Funds above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets
or financial resources and therefore are not reported in the
Governmental Funds.

4,328,913

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current
period and therefore are not reported in the Funds:

Non-current portion of compensated absences

(26,144)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 7,284,524

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	CDBG	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Property taxes	\$ 116,326	\$ -	\$ -	\$ 116,326
Sales taxes	356,655	-	-	356,655
Occupancy taxes	13,304	-	-	13,304
Gas taxes	-	-	224,000	224,000
Intergovernmental	-	-	181,943	181,943
Licenses, permits, and franchise fees	459,855	-	48,183	508,038
Interest and use of property	26,275	-	4,504	30,779
Miscellaneous	2,868	-	15,082	17,950
Total revenues	<u>975,283</u>	<u>-</u>	<u>473,712</u>	<u>1,448,995</u>
<u>EXPENDITURES</u>				
Current operations:				
General government	175,271	59,245	65,262	299,778
Public safety - Police	512,532	-	115,031	627,563
Planning and public works	91,002	-	242,660	333,662
Building	-	-	38,418	38,418
Housing and Community Development	-	-	6,850	6,850
Recycling	-	-	7,756	7,756
Total expenditures	<u>778,805</u>	<u>59,245</u>	<u>475,977</u>	<u>1,314,027</u>
Excess (deficiency) of revenues over expenditures	<u>196,478</u>	<u>(59,245)</u>	<u>(2,265)</u>	<u>134,968</u>
Other financing Sources (uses):				
Transfers in	-	-	30,000	30,000
Transfers out	<u>(22,677)</u>	<u>-</u>	<u>(10,000)</u>	<u>(32,677)</u>
Total other financing Sources (uses)	<u>(22,677)</u>	<u>-</u>	<u>20,000</u>	<u>(2,677)</u>
Net change in fund balance	173,801	(59,245)	17,735	132,291
Fund balances, beginning of period	<u>1,007,861</u>	<u>1,254,518</u>	<u>587,085</u>	<u>2,849,464</u>
Fund balances, end of period	<u>\$ 1,181,662</u>	<u>\$ 1,195,273</u>	<u>\$ 604,820</u>	<u>\$ 2,981,755</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Net Change in Fund Balances- Total Governmental Funds	\$ 132,291
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	17,246
Depreciation expense	(106,321)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as expenditures in governmental funds.

Change in unearned income

Some expenses in the statement of activities for concurrent liabilities such as long-term compensated absences, assessments receivable, deferred revenue and claims do not require the use of or provide current financial resources and are therefore not reported as expenditures or revenues in the governmental funds.

Compensated absences	14,007
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Net difference	(75,068)
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Change in Net Position of Governmental Activities	\$ 57,223
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The accompanying notes are an integral part of these financial statements.

City of Rio Dell
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,944,991	\$ 587,957	\$ 2,532,948
Accounts receivable	127,481	98,731	226,212
Grants receivable	-	87,195	87,195
Assessments receivable, current portion	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total current assets	<u>2,097,472</u>	<u>773,883</u>	<u>2,871,355</u>
Long-term assets:			
Assessment receivable, net of current portion	35,000	-	35,000
Capital assets:			
Construction in progress	-	344,870	344,870
Land	502,543	5,316	507,859
Buildings & improvements	43,116	163,392	206,508
Infrastructure	15,621,987	9,529,425	25,151,412
Machinery, vehicles, & equipment	340,858	760,164	1,101,022
Less: accumulated depreciation	<u>(1,731,735)</u>	<u>(2,197,631)</u>	<u>(3,929,366)</u>
Capital assets, net	<u>14,776,769</u>	<u>8,605,536</u>	<u>23,382,305</u>
Total long-term assets	<u>14,811,769</u>	<u>8,605,536</u>	<u>23,417,305</u>
Total assets	<u>16,909,241</u>	<u>9,379,419</u>	<u>26,288,660</u>
LIABILITIES			
Current liabilities:			
Accounts payable	22,326	38,195	60,521
Accrued liabilities	92,157	-	92,157
Customer deposits	40,242	30,968	71,210
Accrued compensated absences	8,633	10,399	19,032
Current portion of long-term liabilities	<u>194,711</u>	<u>136,000</u>	<u>330,711</u>
Total current liabilities	<u>358,069</u>	<u>215,562</u>	<u>573,631</u>
Long-term liabilities:			
Notes and bonds payable	<u>6,148,134</u>	<u>1,700,000</u>	<u>7,848,134</u>
Total liabilities	<u>6,506,203</u>	<u>1,915,562</u>	<u>8,421,765</u>
NET POSITION			
Invested in capital assets, net of related debt	8,433,924	6,769,536	15,203,460
Unrestricted	<u>1,969,114</u>	<u>694,321</u>	<u>2,663,435</u>
Total net position	<u>\$ 10,403,038</u>	<u>\$ 7,463,857</u>	<u>\$ 17,866,895</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Sewer Fund	Water fund	Total
OPERATING REVENUES			
Charges for services	\$ 649,055	\$ 608,001	\$ 1,257,056
Connection fees	20,179	79,090	99,269
Late fees	20,781	20,799	41,580
Total operating revenues	<u>690,015</u>	<u>707,890</u>	<u>1,397,905</u>
OPERATING EXPENSES			
Current operations:			
General government	1,434	866	2,300
Public works	690,567	649,117	1,339,684
Depreciation	529,171	207,365	736,536
Total operating expenses	<u>1,221,172</u>	<u>857,348</u>	<u>2,078,520</u>
Operating income/(loss)	<u>(531,157)</u>	<u>(149,458)</u>	<u>(680,615)</u>
NON-OPERATING REVENUES (EXPENSES)			
Miscellaneous	961	1,870	2,831
Intergovernmental	-	176,121	176,121
Replacement reserve	283,015	-	283,015
Debt service	302,922	175,013	477,935
Bad debt recovery (expense)	(40)	829	789
Interest expense	(141,529)	-	(141,529)
Total non-operating revenues (expenses)	<u>445,329</u>	<u>353,833</u>	<u>799,162</u>
Income (loss) before transfers	<u>(85,828)</u>	<u>204,375</u>	<u>118,547</u>
Capital contributions	30,976	298,446	329,422
Transfers in	-	341,622	341,622
Transfers out	-	(338,945)	(338,945)
Net transfers and capital contributions	<u>30,976</u>	<u>301,123</u>	<u>332,099</u>
Change in net position	(54,852)	505,498	450,646
Net position, beginning of period	<u>10,457,890</u>	<u>6,958,359</u>	<u>17,416,249</u>
Net position, end of period	<u>\$ 10,403,038</u>	<u>\$ 7,463,857</u>	<u>\$ 17,866,895</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds		
	Sewer	Water	Total
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 689,908	\$ 680,594	\$ 1,370,502
Payments to suppliers	(332,625)	(425,601)	(758,226)
Payments to employees	(350,114)	(275,090)	(625,204)
Net cash provided (used) by operating activities	<u>7,169</u>	<u>(20,097)</u>	<u>(12,928)</u>
<u>Cash flows from non-capital financing activities:</u>			
Miscellaneous	888	1,874	2,762
Intergovernmental	25,000	281,132	306,132
Replacement Reserve	283,015	-	283,015
Debt service	302,922	175,013	477,935
Transfers in	-	341,622	341,622
Transfers out	-	(338,945)	(338,945)
Bad debt recovery (expense)	(40)	829	789
Net cash provided (used) by capital and related	<u>611,785</u>	<u>461,525</u>	<u>1,073,310</u>
<u>Cash flows from capital and related financing activities:</u>			
Acquisition of fixed assets	(30,976)	(298,446)	(329,422)
Capital grants and contributions	30,976	298,446	329,422
Interest paid on long term debt	(141,529)	-	(141,529)
Principal payments on capital debt	(186,165)	(136,000)	(322,165)
Net cash provided (used) by capital and related	<u>(327,694)</u>	<u>(136,000)</u>	<u>(463,694)</u>
Net increase (decrease) in cash and cash equivalents	291,260	305,428	596,688
Prior year adjustment	-	-	-
Cash and cash equivalents - beginning of period	1,653,731	282,529	1,936,260
Cash and cash equivalents - end of period	<u>\$ 1,944,991</u>	<u>\$ 587,957</u>	<u>\$ 2,532,948</u>
Reconciliation of operating income (loss) to net cash			
provided (used in) operating activities:			
Operating income (loss)	<u>\$ (531,157)</u>	<u>\$ (149,458)</u>	<u>\$ (680,615)</u>
Adjustments to reconcile operating income (loss) to			
net cash provided by operating activities:			
Depreciation	529,171	207,365	736,536
Changes in certain assets and liabilities:			
Accounts receivable	(107)	(27,296)	(27,403)
Due from other funds	-	-	-
Prepaid items	-	-	-
Accounts payable and accrued expenses	2,479	11,140	13,619
Deposits payable	6,094	1,176	7,270
Due to other funds	-	(65,400)	(65,400)
Compensated absences	689	2,376	3,065
Total adjustments	<u>538,326</u>	<u>129,361</u>	<u>667,687</u>
Net cash provided (used) by operating activities	<u>\$ 7,169</u>	<u>\$ (20,097)</u>	<u>\$ (12,928)</u>

City of Rio Dell
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

<u>ASSETS</u>	<u>Agency Fund</u>
Cash and investments	\$ 3,027
Total assets	<u>3,027</u>
<u>LIABILITIES</u>	
Deposits in trust - due to others	<u>3,027</u>
Total liabilities	<u>\$ 3,027</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Rio Dell (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

A. Description of Financial Reporting Entity

The City is a general law City incorporated in the State of California on February 26, 1965. The City is governed by an elected, five-member City Council. The following services are provided by the City to its citizens: public safety (police); highways and streets; drinking water; wastewater collection, treatment and disposal; public improvements; parks and recreation; planning and zoning; and general administrative services.

B. Description of Joint Powers Agreements

The City participates in several joint power agreements (JPAs) as described in Note 7. The financial activities of the JPAs are not included in the accompanying basic financial statements because JPAs are administered by governing boards that are separate from and independent of the City.

C. Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, and revenues and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

D. Government-wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities and business-type activities for the City, accompanied by a total column. These financial statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Governmental activities are financed generally through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed generally through user fees.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, in regards to inter-fund activities, payables and receivables.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Governmental Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

GASB Statement No. 34 defines major funds and requires that the City's major governmental funds be identified and presented separately in the fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as governmental funds that have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The General Fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds, although no such funds were selected in fiscal year 2016.

The major governmental funds of the City are:

General Fund:

The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation, which are not required to be accounted for in another fund.

Community Development Block Grant Fund:

This fund is used to account for transactions related to the Block Grant funding agreement.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Water Fund:

This fund accounts for all financial transactions relating to the City's water service. Services are on a user charge basis to residents and business owners located in Rio Dell.

Sewer Fund:

This fund accounts for all financial transactions relating to the City's wastewater collection and treatment. Services are on a user charge basis to residents.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Governmental Fund Financial Statements (concluded)

Fiduciary Funds (not included in government-wide statements):

Agency Fund - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

F. Basis of Accounting

The government-wide, proprietary and fiduciary funds financial statements required by GASB Statement No. 34 are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are accounted for on a spending or "current financial resources" measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgetary Policies

Each year, all departments of the City submit a request for appropriation to the City Manager so a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

H. Deposits and Investments

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City's investment policy and section 53601 of the California Government Code allow the following investments:

- a) Certificates of Deposit;
- b) Obligations of the State of California.

The City does not enter into reverse repurchase agreements.

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deposits and Investments (concluded)

Cash and Cash Equivalents:

Cash and investments are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

I. Inventories

The City does not record and maintain inventory records of unused materials and supplies for the various funds. Inventories are considered immaterial and materials and supplies are currently expensed.

J. Restricted Assets

Certain proceeds of enterprise fund loans (as well as certain resources set aside for their repayment) and resources set aside for repayment of capital leases are classified as restricted assets on the balance sheet because their use is limited by applicable loan or other covenants.

K. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value on the date donated. Depreciation of capital assets is charged as an expense each year, and the total amount of accumulated depreciation taken over the years is reported on the Statement of Net Position as a reduction in the book value of capital assets.

L. Compensated Absences

Full time employees accumulate earned vacation, holiday and compensated leave of varying amounts dependent upon length of service with the City. These amounts are deemed fully vested with the employee when earned. The City also provides full time employees with sick leave that generally must be used for sickness and injury-related leave time.

The City does not currently provide post-employment benefits.

M. Deposits

The City collects refundable deposits on behalf of the enterprise funds for general purposes that are primarily accounted for in enterprise funds.

N. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Position

Government-wide net position consists of the following:

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Governmental fund balance consists of the following:

Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental *funds* now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level decision-making authority. The City Council serves as the City’s highest level decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the City for specific purposes, subject to change, as established either directly by the City Council or by management officials to whom the assignment authority has been delegated by the City Council.

Unassigned fund balance is the residual classification that includes the spendable amounts in the General Fund that are available for any purpose.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Position (concluded)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balances first, then apply assigned fund balances, and finally unassigned fund balances.

P. Property Tax

The County of Humboldt (the County) assesses properties, bills for, collects, and distributes property taxes for the City per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the City does not levy a specific tax rate but receives a share of the property tax revenue based on a State formula. The City's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, the State passed legislation which permanently shifted an additional amount of property taxes from cities to schools. This amount was partially offset by one-time payments by the State to cities from the State "Transportation Planning and Development" allocation. Also during 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the City receives 100 percent of the secured property tax levied to which it is entitled, whether or not collected.

Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectible taxes is provided. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period is 60 days from the end of the fiscal year.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Q. Inter-fund Transactions

A description of the two basic types of the City's inter-fund transactions during the fiscal year and the related accounting policies are set forth as follows:

- a) Transactions related directly to services rendered, or facilities provided, are recorded as revenues in the fund providing the service or facility and as expenditures (or expenses) in the fund receiving them.
- b) Transactions to allocate resources from one fund to another, not contingent on the occurrence of specific expenditures in the receiving fund, are recorded appropriately as transfers in and transfers out in the respective funds.

R. Long-term Obligations

In the government-wide financial statements, and in proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

S. Revenue Recognition for Water and Sewer Funds

Revenues are recognized based on cycle billings rendered to customers. All residential and commercial utility customers are billed once per month. There is one billing cycle per month that includes all types of customers, based on their location within the City. Revenues for services provided but not billed at the end of a fiscal year are accrued. Contributions of cash or assets to proprietary funds from state and federal agencies, developers and others are recorded as revenue.

T. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The City has no items that qualify for reporting in this category. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has no items that qualify for reporting in this category.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - CASH AND INVESTMENTS

Pooled Cash and Investments

The City pools cash from all sources and funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Categorization of Credit Risk of Securities Instruments

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as custodian of all City managed investments, regardless of their form.

Investments are carried at fair value and are categorized as follows at June 30, 2016:

State of California Local Agency Investment Fund	\$ 4,803
Cash deposits with banks	<u>4,090,751</u>
Total City cash and investments	<u>\$ 4,095,554</u>

The City's total cash and investments consist of:

Cash and investments in City Treasury	\$ 4,092,527
Cash and investments in City Treasury – Fiduciary Funds	<u>3,027</u>
Total City cash and investments	<u>\$ 4,095,554</u>

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF and the fiscal agent money market funds are not evidenced by specific securities and, therefore, are not subject to custodial credit risk.

Authorized Investments

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 - LOANS RECEIVABLE

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

These loans receivable were comprised of the following at June 30, 2016:

Housing Rehabilitation and Affordable Housing Notes	\$ <u>1,195,832</u>
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Housing Rehabilitation, Business Enterprise and Affordable Housing

The City has provided loans to various homeowners and businesses for rehabilitation. The maximum loan amount is \$100,000, carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by deferred revenue. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

NOTE 4 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed.

With the implementation of GASB Statement No. 34, the City has begun recording costs and depreciation of current infrastructure assets. The City does not record depreciation in the year of acquisition and records a full year of depreciation in the year of disposition for capital assets related to governmental activities.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro-rata share of the cost of the capital assets. Depreciation is provided using the straight-line method over its expected useful life. Capital assets with a value of \$10,000 or more are capitalized.

The City has assigned the following useful lives to capital assets: Buildings and Improvements (10-75 years); Vehicles and Equipment (3-40 years); Infrastructure (10-50 years); and Utility Plant (10-50 years).

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 - CAPITAL ASSETS (continued)

The following is a summary of capital assets activity for governmental activities as of June 30, 2016:

	Balance 6/30/15	Additions	Retirements	Balance 6/30/16
Capital assets (not depreciated):				
Land	\$ 627,945	\$ -	\$ -	\$ 627,945
Construction in progress	64,114	-	64,114	-
Total capital assets (not depreciated)	<u>692,059</u>	<u>-</u>	<u>64,114</u>	<u>627,945</u>
Capital assets (being depreciated):				
Buildings and improvements	50,352	-	-	50,352
Equipment	509,932	-	-	509,932
Vehicles	164,810	-	-	164,810
Streets and roads	1,801,888	17,549	-	1,819,437
Infrastructure	2,342,203	64,114	-	2,406,317
Total capital assets (being depreciated)	<u>4,869,185</u>	<u>81,663</u>	<u>-</u>	<u>4,950,848</u>
Less accumulated depreciation:				
Buildings and improvements	22,506	6,362	-	28,868
Equipment	504,513	1,145	-	505,658
Vehicles	98,030	14,650	-	112,680
Streets and roads	199,436	36,038	-	235,474
Infrastructure	319,074	48,126	-	367,200
Total accumulated depreciation	<u>1,143,559</u>	<u>\$ 106,321</u>	<u>\$ -</u>	<u>1,249,880</u>
Governmental activities capital assets, net	<u>\$ 4,417,685</u>			<u>\$ 4,328,913</u>

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 - CAPITAL ASSETS (concluded)

The changes in proprietary fund types fixed assets for the fiscal year are:

	Balance 6/30/15	Additions	Retirements	Balance 6/30/16
Capital assets (not depreciated):				
Land	\$ 507,859	\$ -	\$ -	\$ 507,859
Construction in progress	66,938	277,932	-	344,870
Total capital assets (not depreciated)	574,797	277,932	-	852,729
Capital assets (being depreciated):				
Infrastructure	25,146,062	5,350	-	25,151,412
Buildings and improvements	206,508	-	-	206,508
Equipment	963,496	46,141	-	1,009,637
Vehicles	91,385	-	-	91,385
Total capital assets (being depreciated)	26,407,451	51,491	-	26,458,942
Less accumulated depreciation:				
Infrastructure	2,022,753	716,484	-	2,739,237
Buildings and improvements	144,129	13,139	-	157,268
Equipment	934,563	6,913	-	941,476
Vehicles	91,385	-	-	91,385
Total accumulated depreciation	3,192,830	\$ 736,536	\$ -	3,929,366
Capital assets, net	\$ 23,789,418			\$ 23,382,305

Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities

Public works	\$ 106,321
Total Governmental Activities	\$ 106,321

Business-type Activities

Water	\$ 207,365
Sewer	529,171
Total Business-type Activities	\$ 736,536

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in long-term obligations and debt for the fiscal year ended June 30, 2016 are as follows:

	Original Issue Amount	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
Governmental Activity Long-Term Debt Liabilities:						
Compensated absences	\$ -	\$ 40,151	\$ -	\$ 14,007	\$ 26,144	\$ -
Total Governmental Activity Debt	\$ -	\$ 40,151	\$ -	\$ 14,007	\$ 26,144	\$ -
Business-type Activity Debt:						
Safe Drinking Water Loan	\$ 2,720,000	\$ 1,972,000	\$ -	\$ 136,000	\$ 1,836,000	\$ 136,000
FMHA Special Assessment Bonds	535,800	85,000	-	25,000	60,000	30,000
State of California Water Resources Control Board	400,000	6,444,010	-	161,165	6,282,845	164,711
Compensated absences	-	15,967	3,065	-	19,032	-
Total Business-type Activity Debt	\$ 3,655,800	\$ 8,516,977	\$ 3,065	\$ 322,165	\$ 8,197,877	\$ 330,711

Bonds and Notes Payable

Long-term debt at June 30, 2016 consists of the following:

Safe Drinking Water State Revolving Fund Loan

In August 2005, the City entered into a loan agreement with the California Department of Health Services, Drinking Water and Environmental Services Division, for a loan in an amount up to \$2,720,000. The loan was subsequently funded by the Safe Drinking Water State Revolving Fund. The proceeds from the loan were used to assist in financing construction of a project that will enable the City to meet safe drinking water standards established under the Health and Safety Code and California Code of Regulations. The non-interest bearing loan calls for 50 equal semiannual payments due in July and January of each year, beginning in July 2009. At June 30, 2016, the balance of the note was \$2,108,000.

Based on the maximum balance of the loan the annual requirements to amortize the note are as follows:

<u>Year ending June 30</u>	
2017	\$ 136,000
2018	136,000
2019	136,000
2020	136,000
2021	136,000
2022	136,000
2023	136,000
2024	136,000
2025	136,000
2026	136,000
2027	136,000
2028	136,000
2029	136,000
2030	68,000
Total	<u>\$ 1,836,000</u>

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Assessment Bonds

In November 1978, the City borrowed \$535,800 through the issuance of bonds to finance improvements to the City's sewage collection system. The terms of an agreement with FMHA require semiannual payments of interest at 5 percent and annual payments of principal that increase from \$10,000 in the early years of the agreement to \$30,000 in the later years. Currently, the principal payments are \$20,000. The bonds mature in 2018.

The annual requirements to amortize the note are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,000	\$ 3,000	\$ 33,000
2018	30,000	1,500	31,500
Total	<u>\$ 60,000</u>	<u>\$ 4,500</u>	<u>\$ 64,500</u>

State of California Water Resources Control Board

The City has obtained a loan from the California Department of Water Resources to finance an upgrade of the waste water treatment plant to comply with State waste water standards. The debt is required to be serviced through waste water system user charges. The maximum loan amount is \$6,980,359. Principal and interest are payable annually on October 31. The rate of interest is 2.20%. The annual principal and interest payments are \$302,933, and continue through the fiscal year 2044. The annual requirements to amortize the debt are as follows:

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM OBLIGATIONS (concluded)

FMHA Special Assessment Bonds					
2017	\$	164,711	\$	138,222	\$ 302,933
2018		168,334		134,599	302,933
2019		172,038		130,895	302,933
2020		175,823		127,110	302,933
2021		179,691		123,242	302,933
2022		183,644		119,289	302,933
2023		187,684		115,249	302,933
2024		191,813		111,120	302,933
2025		196,033		106,900	302,933
2026		200,346		102,587	302,933
2027		204,753		98,180	302,933
2028		209,258		93,675	302,933
2029		213,862		89,071	302,933
2030		218,567		84,366	302,933
2031		223,375		79,558	302,933
2032		228,289		74,644	302,933
2033		233,312		69,621	302,933
2034		238,444		64,489	302,933
2035		243,690		59,243	302,933
2036		249,051		53,882	302,933
2037		254,531		48,402	302,933
2038		260,130		42,803	302,933
2039		265,853		37,080	302,933
2040		271,702		31,231	302,933
2041		277,679		25,254	302,933
2042		283,788		19,145	302,933
2043		290,032		12,901	302,933
2044		<u>296,412</u>		<u>6,521</u>	<u>302,933</u>
Total	\$	<u>6,282,845</u>	\$	<u>2,199,279</u>	<u>\$ 8,482,124</u>

Compensated Absences Payable

There is no fixed payment schedule to pay the liability of \$45,176 for compensated absences through June 30, 2016.

The net changes of the compensated absences are allocated to the public safety department on the Statement of Activities.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

There are pending lawsuits in which the City is involved. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City Attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 7 - JOINT POWERS AGREEMENTS

The City is a member of various joint powers authorities, which provide goods or services to the City and other authority members. Under the criteria established by GASB Statement No. 14, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest in or responsibility for any of these organizations as defined by GASB Statement No. 14. The names and general functions of these joint powers are as follows:

Humboldt Transit Authority

Humboldt Transit Authority (HTA) was created as a separate legal entity by a joint powers agreement between Humboldt County and the Cities of Fortuna, Eureka, Arcata, Trinidad, and Rio Dell. The governing board consists of a city council member and an alternate member appointed from each participating city, as well as two board members and up to two alternate members appointed by the Humboldt County Board of Supervisors. HTA is responsible for adopting its own budget and has the power to incur debts, liabilities, or other obligations. On commencement of operations of HTA, the County contributed 50 percent of the initial equity, and the participating cities jointly contributed 50 percent based upon population data. The participants do not have an ongoing equity interest in HTA.

However, the participants do share operating costs of HTA, and the current share of the City of Rio Dell is 2.8 percent. During the year ended June 30, 2016, the City paid HTA \$40,646. At termination of the agreement, all surplus monies will be returned to the participants in proportion to the amounts received and property shall be divided in a manner agreed upon by the parties. Complete financial statements for Humboldt Transit Authority may be obtained at the offices of the Authority at 133 V Street, Eureka, California 95501.

Hazardous Materials Response Authority

Hazardous Materials Response Authority (HMRA) was created as a separate legal entity by a joint powers agreement between the County of Humboldt, the County of Del Norte, and Cities of Eureka, Crescent City, Arcata, Blue Lake, Fortuna, Trinidad, and Rio Dell. (The City of Ferndale withdrew from the agreement during 1994-1995). The purpose of this joint venture is to pool resources of the participants to provide a united, coordinated, orderly, positive, and more effective means of aiding and assisting in the formulation, administration, implementation and maintenance of an area-wide hazardous materials response team.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 - JOINT POWERS AGREEMENTS (concluded)

HMRA is governed by a board of directors comprised of one member and an alternate appointed by each participant. It adopts its own budget and has the powers to incur debts, liabilities, or obligations. The City of Eureka is responsible for directing the operations of Hazardous Materials Response Teams and for the accounting of HMRA, and in return HMRA reimburses the City of Eureka for the costs of operation and accounting services.

Upon commencement of HMRA, the participants agreed to contribute a proportionate share of the cost of operations based on population. The participants do not have an ongoing equity interest in HMRA. However, the participants do share the operating costs of HMRA, and the current share of the City of Rio Dell is 1.9 percent, based on population. During the year ended June 30, 2016, the City paid HMRA \$717. At termination of the agreement, all surplus monies will be returned to the participants in proportion of the amounts received by HMRA; property shall be divided in a manner agreed upon by the participants. Complete financial statements of HMRA are on file at the offices of the City of Eureka at 531 K Street, Eureka, California 95501.

Redwood Region Economic Development Commission

Redwood Region Economic Development Commission (RREDC) was established on November 1, 1977, under a Joint Exercise of Powers Agreement among the nineteen public agencies within Humboldt County, including the City of Rio Dell. RREDC is a separate public entity created to aid, assist, and coordinate the formulation, administration, and implementation of the Economic Development Action Plan and Strategy for Humboldt County, and to assist in the implementation of economic development projects and programs to improve the quality of life in the area. RREDC is governed by one member and an alternate appointed by each participant. Complete financial statements for RREDC are on file at the offices of RREDC at 520 E Street, Eureka, California 95001.

NOTE 8 - DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB Statement No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements. For the fiscal year ended June 30, 2016, the City made contributions totaling \$132,754 to the plan.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Small Cities Organized Risk Effort Joint Powers Authority (SCORE). SCORE provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the City and several other governmental municipalities.

SCORE is insured up to \$500,000 per general liability and \$1,000,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of \$25,000,000. The City has a \$2,500 - \$50,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, SCORE becomes responsible for payment of the excess claim.

City of Rio Dell
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 - RISK MANAGEMENT (concluded)

Payments for insurance claims are recorded as expenditures in the funds in which the liabilities were incurred. In accordance with GASB Statement No. 10, if the third party administrator, SCORE, does not insure the loss occurrence then the City shall accrue a loss, if probable and reasonably estimable. As of June 30, 2016, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

NOTE 10 - INTERFUND BALANCES

Transfers

The following schedule summarizes the transfers in and out for the fiscal year ended June 30, 2016:

	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General Fund	\$ -	\$ 22,677
Water	2,677	-
Non-Major Funds:		
Recycling	-	10,000
Solid waste	10,000	-
Fund 46 Realignment Grant Fund	2,735	-
Administrative Fees Fund 8	17,265	-
Totals	<u>\$ 32,677</u>	<u>\$ 32,677</u>

City of Rio Dell
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2016
(UNAUDITED)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Property taxes	\$ 110,700	\$ 110,700	\$ 116,326	\$ 5,626
Sales	313,214	313,214	356,655	43,441
Occupancy	11,000	11,000	13,304	2,304
Licenses, permits, and franchise fees	448,125	448,125	459,855	11,730
Interest and use of property	19,470	19,470	26,275	6,805
Miscellaneous	400	400	2,868	2,468
Total revenues	<u>902,909</u>	<u>902,909</u>	<u>975,283</u>	<u>72,374</u>
<u>EXPENDITURES</u>				
Current operations:				
General government	170,017	170,017	175,271	(5,254)
Public safety	514,107	514,107	512,532	1,575
Public works	252,101	252,101	91,002	161,099
Total expenditures	<u>936,225</u>	<u>936,225</u>	<u>778,805</u>	<u>157,420</u>
Excess (deficiency) of revenues over expenditures	<u>(33,316)</u>	<u>(33,316)</u>	<u>196,478</u>	<u>229,794</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(22,677)</u>	<u>-</u>	<u>(22,677)</u>	<u>22,677</u>
Total other financing sources (uses)	<u>(22,677)</u>	<u>-</u>	<u>(22,677)</u>	<u>22,677</u>
Net change in fund balance	<u>\$ (55,993)</u>	<u>\$ (33,316)</u>	173,801	<u>\$ 207,117</u>
Fund balance, beginning of period			<u>1,007,861</u>	
Fund balance, end of period			\$ 1,181,662	

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: September 5, 2017

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager 

Date: August 29, 2017

Subject: Appointment of Jim Brickley as the Eagle Prairie Arts District (EPAD) member to the Wildwood Avenue Sculpture Committee

Recommendation:

That the City Council:

1. Appoint Jim Brickley to the Wildwood Avenue Sculpture Committee

Discussion:

As the Council is aware the City established a Sculpture Committee in 2014 to review and approve potential sculptures to be placed on two pedestals that were constructed as part of the Wildwood Avenue enhancement project.

Kim Reid recently resigned from the Sculpture Committee due to her frequent travels. Mrs. Reid was the Eagle Prairie Arts District representative.

The Wildwood Avenue Sculpture Committee is responsible for reviewing and approving applications for the placement of sculptures along the Wildwood Avenue corridor. The Committee consists of the Community Development Director, one member of the City Council (Mayor Wilson) and one alternate City Council member, one member from the Rio Dell-Scotia Chamber of Commerce (Susan Pryor), one member from the Eagle Prairie Arts District (vacant) and one public member (Robert Agnew) residing within the City limits. The alternate City Council member only participates when the regular City Council member is unable to serve due to scheduling concerns or a conflict of interest. The Committee meets on call.

Attachments

Attachment 1: Jim Brickley's application.

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



APPLICATION FOR
WILDWOOD AVENUE SCULPTURE COMMITTEE
SEE BACK PAGE FOR INFORMATION ON THE COMMITTEE

Name: TIM BRICKLEY Date: 8/2/17
Address: 920 CURTIS, LN. Phone: 223-5788
RIO DELL Email: brickley@sonic.net
Occupation: Retired Paint Contractor

How long have you lived in Rio Dell? 3 years Do you rent or own? ☐ Rent ☒ Own

Are you available to meet during regular business hours? ☒ YES ☐ NO

Why are you interested in serving on the Sculpture Committee? Help beautify
Main street.

Professional and/or Community Activities: Board member, Rio Dell /
Seaside Chamber of Commerce

What type of skills, experience or education do you have that would be useful to the committee and community? Semi-pro artist

Identify two (2) local references: Name: _____ Phone: _____
Name: _____ Phone: _____

Return application to the City of Rio Dell, 675 Wildwood Avenue, Rio Dell, CA. 95562
Fax: (707) 765-5480

Sculpture Committee Application

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



**CITY OF RIO DELL
STAFF REPORT
CITY COUNCIL AGENDA
September 5, 2017**

TO: Mayor and Members of the City Council

THROUGH: Kyle Knopp, City Manager *[Signature]*

FROM: Brooke Woodcox, Finance Director *[Signature]*

DATE: September 5, 2017

SUBJECT: Authorize Finance Director to sign and submit Regional Surface Transportation Program (RSTP) claim for Fiscal Year 2016-2017 (\$22,358)

RECOMMENDATIONS

Authorize Finance Director to sign and submit the City's annual Regional Surface Transportation Program claim for RSTP revenues distributed annually by Humboldt County Association of Governments (HCAOG).

BACKGROUND AND DISCUSSION

RSTP funds come from the federal excise tax on gasoline and are distributed each year throughout the County by HCAOG. The City of Rio Dell will receive \$22,358 in RSTP funding for the 2016/17 fiscal year. The funds can be used to support various transportation projects and general streets and roads maintenance. According to HCAOG, the majority of local RSTP funds are applied towards road budgets.

ATTACHMENTS

- FY 2016/17 Annual Report
- HCAOG RSTP Policy and Allocation

Name and Address of Claimant: CITY OF RIO DELL 675 WILDWOOD AVE. RIO DELL, CA 95562		Humboldt County Association of Governments Regional Surface Transportation Program (RSTP) Section 182.6(d)(1) FY 2016-17	
Description of Project or Purposes of Expenditures (FY 16-17) Streets and Roads Maintenance and Repairs FY 2016-17 Total Expenditures:	Allocation Amount: \$ 22,358 \$ 22,358	Est. Cost of Project \$ 22,358	Check one to indicate use of funds: <input checked="" type="checkbox"/> Street and Road Purposes <input type="checkbox"/> Public Transit - Operating <input type="checkbox"/> Public Transit - Capital <input type="checkbox"/> 2% Bicycle and Pedestrian Account Purposes <input type="checkbox"/> Other:
Reporting of Previous RSTP Funds (FY 15-16) Streets and Roads Maintenance and Repairs	Allocation Amount: \$ 23,117 \$ 21,099	\$ 21,099	<input type="checkbox"/> RSTP funds are being carried over as described:
Previous year carryover		\$ 2,018	<input type="checkbox"/> Estimated Project Cost:

Statement of Compliance with Exchange Agreement

Pursuant to the Regional Surface Transportation Program Section 182.(d)1 program, the undersigned claimant hereby acknowledges that he/she has received a copy of the Exchange Agreement dated May 12, 2017 between HCAOG and the State Department of Transportation (Caltrans), and agency agrees to comply with the applicable required conditions contained therein.

Undersigned claimant also acknowledges that jurisdictions receiving State RSTP funds have complied with Section 1220.4(6) A special fund for the purpose of depositing exchange funds has been established within a jurisdiction's special gas tax street improvement fund or county road fund.

 Authorized Signature

 Brooke Woodcox, Finance Director
 Printed Name and Title

 Date
 6-Sep-17

FY 2016-17

Regional Surface Transportation Program

Policy and Allocation



August 2017

Humboldt County Association of Governments
611 I Street, Suite B
Eureka, CA 95501
Phone: 707.444.8208
www.hcaog.net

Background

The Regional Surface Transportation Program (RSTP) was established by California State Statute utilizing Surface Transportation Program Funds that are identified in Section 133 of Title 23 of the United States Code. California Streets and Highways Code Section 182.6(d) was enacted under federal transportation bills, beginning in 1991 with the Intermodal Surface Transportation Efficiency Act (ISTEA) legislation, subsequently under the Transportation Equity Act for the 21st Century (TEA-21) and the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

The Federal Aid Urban (FAU) and Federal Aid Secondary (FAS) regulations implemented through Section 182.6(d) were repealed by the federal government through the passage of Moving Ahead for Progress in the 21st Century (MAP-21). However, the FAU/FAS regulations currently remain in State law.

RSTP funds originate from the federal excise tax on gasoline. The State of California distributes the funds to regional agencies and counties based on population. As a rural agency, HCAOG is allowed to participate in an exchange of these federal funds to nonfederal State Highway Account funds. Prior to an annual distribution of funds, an Exchange Agreement is executed between HCAOG and the State Department of Transportation (Caltrans). This exchange allows for greater flexibility with fewer administrative burdens. The County of Humboldt receives RSTP funds through a separate Exchange Agreement.

RSTP funds support a broad range of transportation projects. In the Humboldt region, most are used to augment city and county road budgets. Beginning with the 2007-08 RSTP cycle, HCAOG began setting aside funds for tribal governments. The County of Humboldt has agreed to administer the funds for a single project.

Exchange funds are subject to financial and compliance audits by State of California auditors.

Eligible Projects

The exchange of funds requires agreement to projects defined under Title 23-Section 133 of the Federal Aid for Highway and in accordance with the State of California Constitution. Section 133(b) provides for the following eligible projects:

- (1) Construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways (including Interstate highways) and bridges (including bridges on public roads of all functional classifications), including any such construction or reconstruction necessary to accommodate other transportation modes, and including the seismic retrofit and painting of and application of calcium magnesium acetate, sodium acetate/formate, or other environmentally acceptable, minimally corrosive anti-icing and de-icing compositions on bridges and approaches thereto and other elevated structures, mitigation of damage to wildlife, habitat, and ecosystems caused by a transportation project funded under this title.

- (2) Capital costs for transit projects eligible for assistance under chapter 53 of title 49, including vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus.

- (3) Carpool projects, fringe and corridor parking facilities and programs, bicycle transportation and pedestrian walkways in accordance with section 217, and the modification of public sidewalks to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.).

- (4) Highway and transit safety infrastructure improvements and programs, hazard eliminations, projects to mitigate hazards caused by wildlife and railway-highway grade crossings.
- (5) Highway and transit research and development and technology transfer programs.
- (6) Capital and operating costs for traffic monitoring, management, and control facilities and programs, including advanced truck stop electrification systems.
- (7) Surface transportation planning programs.
- (8) Transportation enhancement activities.
- (9) Transportation control measures listed in section 108 (f)(1)(A) (other than clause (xvi)) of the Clean Air Act (42 U.S.C. 7408 (f)(1)(A)).
- (10) Development and establishment of management systems under Section 303.
- (11) In accordance with all applicable Federal law and regulations, participation in natural habitat and wetlands mitigation efforts related to projects funded under this title, which may include participation in natural habitat and wetlands mitigation banks; contributions to statewide and regional efforts to conserve, restore, enhance, and create natural habitats and wetlands; and development of statewide and regional natural habitat and wetlands conservation and mitigation plans, including any such banks, efforts, and plans authorized pursuant to the Water Resources Development Act of 1990 (including crediting provisions). Contributions to such mitigation efforts may take place concurrent with or in advance of project construction. Contributions toward these efforts may occur in advance of project construction only if such efforts are consistent with all applicable requirements of Federal law and regulations and State transportation planning processes. With respect to participation in a natural habitat or wetland mitigation effort related to a project funded under this title that has an impact that occurs within the service area of a mitigation bank, preference shall be given, to the maximum extent practicable, to the use of the mitigation bank if the bank contains sufficient available credits to offset the impact and the bank is approved in accordance with the Federal Guidance for the Establishment, Use and Operation of Mitigation Banks (60 Fed. Reg. 58605 (November 28, 1995)) or other applicable Federal law (including regulations).
- (12) Projects relating to intersections that—
 - (A) have disproportionately high accident rates;
 - (B) have high levels of congestion, as evidenced by—
 - (i) interrupted traffic flow at the intersection; and
 - (ii) a level of service rating that is not better than “F” during peak travel hours, calculated in accordance with the Highway Capacity Manual issued by the Transportation Research Board; and
 - (C) are located on a Federal-aid highway.
- (13) Infrastructure-based intelligent transportation systems capital improvements.
- (14) Environmental restoration and pollution abatement in accordance with Section 328.
- (15) Control of noxious weeds and aquatic noxious weeds and establishment of native species in accordance with section 329.

Agreement with Jurisdictions

The following administrative requirements are hereby implemented to assure that the agencies receiving the RSTP funds are using the funds properly, and to assure that HCAOG is properly tracking the funds.

1. Project Lists. Each entity shall be required to submit to HCAOG a list of eligible projects on which they expect to expend the funds, prior to funds being distributed by HCAOG. The list shall include the name of all streets and roads with potential projects, the type of project (*rehabilitation, maintenance, etc.*) and the functional classification based on the "annual maintained mileage report" prepared by each agency. (Form is attached)
2. Exchange Agreement Compliance. HCAOG is required to sign an annual Exchange Agreement with the State which states that HCAOG (and project sponsors) agree to comply with required conditions. Therefore, each entity shall receive a copy of the agreement and be required to sign a statement of compliance in order to receive funds. Compliance includes a requirement that a special fund for the purpose of depositing exchange funds has been established within a jurisdiction's special gas tax street improvement funds or county road fund. (Form is attached)
3. Annual Report. Each entity shall be required to submit an annual report before receiving new RSTP funds each annual cycle. The report shall indicate how funds were expended or explain if funds are being carried over for a larger project. (Note: The annual report should agree with the project list submitted, otherwise a written explanation will be required). (Form is attached)

RSTP Formula Distribution

During a normal funding cycle, HCAOG receives instructions from the State to begin the process to exchange the RSTP funds sometime during the calendar year, resulting in an executed Exchange Agreement and receipt of funds by or near June 30 of each fiscal year. HCAOG staff then prepares a draft RSTP Program for stakeholder and public review and discussion at HCAOG Technical Advisory Committee and Board meetings. Upon HCAOG Board approval, HCAOG notifies eligible claimants of the amount of available funding per the formula distribution. Funds are then distributed to the County and Cities upon compliance with the Agreement with Jurisdictions, as explained above.

Humboldt County Association of Governments

Regional Surface Transportation Program FY 2016-17

Total Available to Region	1,150,510
Regional Apportionment	<u>-262,188</u>
Excess Fund Apportionment	\$ 888,322

The **Regional Apportionment** is apportioned to the four former Federal Aid Urban (FAU) recipients (Arcata, Eureka, Fortuna, and McKinleyville) in 1990-era urbanized proportions. The amount of \$262,188 has remained constant in this formula of distribution.

Of this amount, \$100,000 is taken off of the top and allocated to Humboldt County in exchange for an annual dedication of \$200,000 of County Local Transportation Funds to transit agencies supporting capital improvements. The remaining amount (\$162,188) is then apportioned to the four FAU areas based on the following percentages set in the 1990s:

23.8% Arcata	46.6% Eureka	14.6% Fortuna	15.0% McKinleyville
<hr/>			
Regional Apportionment		262,188	
Transit Set Aside (County of Humboldt)		(100,000)	
Balance		\$162,188	
McKinleyville (County of Humboldt)		24,328	
(15%)			
City of Arcata (23.8%)		38,601	
City of Eureka (46.6%)		75,580	
City of Fortuna (14.6%)		23,679	
Total		\$162,188	

The **Excess Fund Apportionment** is apportioned to the former FAU recipients and the FAS recipient (Humboldt County) after funds for the Small Agency Program are deducted.

The amount apportioned to the Small Agency program has been based on the population percentages of the four small cities (Blue Lake, Ferndale, Rio Dell and Trinidad) and tribal land populations for tribes that are members of the TAC (Blue Lake Rancheria, Bear River Band of the Rohnerville Rancheria, Hoopa Valley Tribe, Karuk Tribe, Trinidad Rancheria and the Yurok Tribe).

Population data for the small cities is taken from the California Department of Finance (DOF) Table E-1. The North Coast Tribal Transportation Commission provides population data annually. This year the Small Agency Program, based on population, is 8.95% of the Excess Fund (\$79,516).

Small Agency Program based on 8.95% of the Excess Fund Apportionment				
	Population Estimates*	% of total population **	% of Small Agency Program	Allocation
Blue Lake	1,295	0.95%	10.6%	8,400
Ferndale	1,445	1.06%	11.8%	9,373
Rio Dell	3,447	2.52%	28.1%	22,358
Trinidad	369	0.27%	3.0%	2,393
Tribal Areas	5,703	4.16%	46.5%	36,992
Total	12,259	8.95%	100.0%	\$79,516

* City data from Table E-1, California Department of Finance

*Tribal populations provided from North Coast Tribal Transportation Commission

**Total population (136,953) from Table E-1

The FAU recipients and FAS recipient ratios:

FAU 32.8% (Arcata, Eureka, Fortuna and McKinleyville)

FAS 67.2% (County of Humboldt)

Total Allocation	\$1,150,510
Regional Apportionment	-\$262,188
Excess Fund Apportionment	\$888,322
Small Agency Program (8.95%)	-\$79,516
FAU/FAS funds	\$808,806

FAU/FAS Funds (Remaining Excess Fund Apportionment)			
	67.2 % of FAS	32.8% of FAU	Allocation
	\$543,518	\$265,288	
County of Humboldt	100%	n/a	543,518
Arcata	n/a	23.8%	63,139
Eureka	n/a	46.6%	123,624
Fortuna	n/a	14.6%	38,732
McKinleyville	n/a	15.0%	39,793
Total	100%	100%	\$808,806

RSTP 16-17 Allocations	
County of Humboldt	707,639
Arcata	101,739
Blue Lake	8,400
Eureka	199,204
Ferndale	9,373
Fortuna	62,412
Rio Dell	22,358
Trinidad	2,393
Tribal Governments	36,992
Total	\$1,150,510

Name and Address of Claimant: Humboldt County Association of Governments Regional Surface Transportation Program (RSTP) Section 182.6(d)(1)	
FY 2016-17	
Description of Project or Purposes of Expenditures (FY 16-17) Allocation amount: \$	Est. Cost of project: \$
Check one to indicate use of funds: <input type="checkbox"/> Street and Road Purposes <input type="checkbox"/> Public Transit - Operating <input type="checkbox"/> Public Transit - Capital <input type="checkbox"/> 2% Bicycle and Pedestrian Account Purposes <input type="checkbox"/> Other:	
FY 2016-17 Total Expenditure \$	
Reporting of Previous RSTP Funds (FY 15-16) Allocation: \$	Previous year carryover: \$
<input type="checkbox"/> RSTP funds are being carried over as described:	

Pursuant to the Regional Surface Transportation Program Section 182.(d)1 program, the undersigned claimant hereby acknowledges that he/she has received a copy of the Exchange Agreement dated May 12, 2017 between HCAOG and the State Department of Transportation (Caltrans), and agency agrees to comply with the applicable required conditions contained therein.

Undersigned claimant also acknowledges that jurisdictions receiving State RSTP funds have complied with Section 1220.4(6) A special fund for the purpose of depositing exchange funds has been established within a jurisdiction's special gas tax street improvement fund or county road fund.

 Authorized Signature Date

 Printed Name and Title

Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com



September 5, 2017

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Approval of Change Order #4 Metropolitan Wells Project

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve Change Order No. 4 and authorize the City Manager to execute.

BACKGROUND AND DISCUSSION

Staff is recommending two change orders to the Metropolitan Wells Project which is currently under construction.

Change Order # 4 includes additional sandblasting of the clear well on the site to thoroughly remove what are most likely manganese deposits. The deposits were not fully removed by pressure washing. The clear well is a tank facility where filtered water is collected and then pumped into the water distribution system and is one of the only pieces of legacy infrastructure being reused at the site. Additionally this change order includes a minor reconfiguration of the chlorine piping infrastructure to ease the use of this equipment by operators.

These items have been approved by the funding agencies.

The total cost of this change order is \$6,185.01. The Contingency budgeted for this project was \$130,290. After execution of the change orders, the contingency will be reduced to \$111,719. See the attached material for more information.

Prior change orders included raising the base elevation of the filtration building, replacing additional piping and adjustments to the schedule caused by rain delays.

///

Date of Issuance: 8/21/17	Effective Date: 8/21/17
Owner: City of Rio Dell	Owner's Contract No.: 0190
Contractor: Wahlund Construction	Contractor's Project No.: 43-16
Engineer: GHD Inc.	Engineer's Project No.: 11140078
Project: Metropolitan Wells Redevelopment	Contract Name: Metropolitan Wells Redevelopment

The Contract is modified as follows upon execution of this Change Order:

Description:

Keynote 26 on Drawing C102 calls for pressure washing the interior and exterior of the existing concrete clear well and coating the clear well with a Xypex coating. After pressure washing operations occurred, there was still residue remaining on the clear well (note that this remaining residue was sampled and was non-detect for both lead and asbestos). The Xypex coating requires a clean concrete surface to be able to adhere properly and seal the concrete. The clear well needs to be sandblasted to create a clean concrete surface for the Xypex coating to adhere to. The sandblasting work will be performed at an agreed upon lump sum price of \$4,118.45 per the attached cost estimate. 5 calendar days will be added to the Substantial Completion date to account for the time required to sample the residue in the clear well, receive lab results, and perform the sandblasting work, as this prevented the Contractor from installing the booster pumps in the clear well and associated booster pump piping.

In addition to the above extra work, (4) 1-foot, 4-inch ductile iron spools will be installed at the above-ground chlorination piping (see Section A on Drawing C501) to raise this whole portion of above-ground piping by one foot. After raising the building foundation by 6 inches (per Change Order #1), it has become apparent that grading away from the building toward the drainage ditch at the perimeter of the site to allow for adequate site drainage will lead to very minimal clearance between the chlorine contact pipe valves and the future chlorination housing slab. These valves will be very difficult to operate if 1-foot spools are not installed to raise them. The spool installation work will be performed at an agreed upon lump sum price of \$2,066.56 per the attached cost estimate and the attached documentation of materials cost. One calendar day will be added to the Substantial Completion date to account for the time required to install these spools.

The total agreed upon lump sum price for the work encompassed in this change order is \$6,185.01. A total of 6 calendar days will be added to the Substantial Completion date, while the Ready for Final Payment date will remain unchanged.

CHANGE IN CONTRACT PRICE	CHANGE IN CONTRACT TIMES <i>[note changes in Milestones if applicable]</i>
Original Contract Price: \$ <u>1,302,900</u>	Original Contract Times: Substantial Completion: <u>6/9/2017</u> Ready for Final Payment: <u>6/29/2017</u>
[Increase] [Decrease] from previously approved Change Orders No. <u>1</u> to No. <u>3</u> : \$ <u>12,385.61</u>	[Increase] [Decrease] from previously approved Change Orders No. <u>1</u> to No. <u>3</u> : Substantial Completion: <u>83 calendar days</u> Ready for Final Payment: <u>83 calendar days</u>
Contract Price prior to this Change Order: \$ <u>1,315,285.61</u>	Contract Times prior to this Change Order: Substantial Completion: <u>8/31/2017</u> Ready for Final Payment: <u>9/20/2017</u>
[Increase] [Decrease] of this Change Order: \$ <u>6,185.01</u>	[Increase] [Decrease] of this Change Order: Substantial Completion: <u>6 calendar days</u> Ready for Final Payment: <u>0 calendar days</u>
Contract Price incorporating this Change Order: \$ <u>1,321,470.62</u>	Contract Times with all approved Change Orders: Substantial Completion: <u>9/6/2017</u> Ready for Final Payment: <u>9/20/2017</u>

RECOMMENDED:

ACCEPTED:

ACCEPTED:

By: _____ Engineer (if required)	By: _____ Owner (Authorized Signature)	By: _____ Contractor (Authorized Signature)
Title: <u>Project Manager</u>	Title: <u>City Manager</u>	Title: <u>Project Manager</u>
Date: _____	Date: _____	Date: _____

Approved by Funding Agency (if applicable)

By: _____ Date: _____
Title: _____

Wahlund Construction, Inc.

Rio Dell Metropolitan Wells
Sandblast Interior and Exterior of Existing Concrete Clear Well

Labor

Description	Hours	Rate	Total
Operator	4	\$82.45	\$329.80
Foreman	2	\$78.88	\$157.76
Laborer	16	\$57.82	\$925.12
Project Engineer	2	\$101.66	\$203.32
Laborer	16	\$32.81	\$524.96
Total Labor			\$2,140.96

Materials

Sand 100 lb bag	20	\$11.50	\$230.00
		Subtotal	\$230.00
		Sales Tax (8.75%)	\$20.13
		Total Materials	\$250.13

Equipment

Vactor Truck	4	\$110.00	\$440.00
Sandblaster Rental / Day	2	\$138.00	\$276.00
Truck w/Tools	2	\$39.57	\$79.14
Truck w/Tools	16	\$22.76	\$364.16
	0	\$0.00	\$0.00
	0	\$0.00	\$0.00
Total Equipment			\$1,159.30
		Subtotal	\$3,550.39
		15% OH&P	\$532.56
		1% Bond	\$35.50
		Total	\$4,118.45

Wahlund Construction, Inc.

Rio Dell Metropolitan Wells

Install four (4) 12" long 4" DIP spools to raise chlorination piping.

Raise slab and enclosure approx. 3".

Labor

Description	Hours	Rate	Total
Foreman	2	\$78.88	\$157.76
Laborer	2	\$57.82	\$115.64
Project Engineer	2	\$101.66	\$203.32
Laborer	2	\$32.81	\$65.62
Total Labor			\$542.34

Materials

Keenan Supply	1	\$1,024.84	\$1,024.84
Subtotal			\$1,024.84
Sales Tax (8.75%)			\$89.67
Total Materials			\$1,114.51

Equipment

Truck w/Tools	2	\$39.57	\$79.14
Truck w/Tools	2	\$22.76	\$45.52
Total Equipment			\$124.66

Subtotal	\$1,781.51
15% OH&P	\$267.23
1% Bond	\$17.82
Total	\$2,066.56

Nathan Stevens

From: Bret Rinehart <bret@wahlcon.com>
Sent: Wednesday, August 16, 2017 12:00 PM
To: Nathan Stevens
Subject: FW: Rio Dell Metro Wells Additional 4" Spools

Nate,

The email below has pricing for the 4" spools for the chlorination piping.

Thanks,

Bret Rinehart, PE
Wahlund Construction, Inc.
bret@wahlcon.com
(707) 498-3414

From: Gray, Peter [mailto:PGray@hajoca.com]
Sent: Wednesday, August 16, 2017 8:48 AM
To: Bret Rinehart
Subject: RE: Rio Dell Metro Wells Additional 4" Spools

Will do Bret...Thanks...Pete

From: Bret Rinehart [mailto:bret@wahlcon.com]
Sent: Tuesday, August 15, 2017 3:28 PM
To: Gray, Peter
Subject: Rio Dell Metro Wells Additional 4" Spools

Pete,

Please send me a quote and go ahead and order the following for Rio Dell Metro Wells:

4" DIP Spool FxF 12" Long red prime (qty 4) **\$237.00 ea**
4" Flange Bolt Kit 304 SS (qty 4) **\$14.17 ea**
4" Flange gasket red rubber (qty 8) **\$2.52 ea.**

Thanks,

Bret Rinehart, PE
Wahlund Construction, Inc.
bret@wahlcon.com
(707) 498-3414



*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodelcity.com*

September 5, 2017

TO: Rio Dell City Council
FROM: Kyle Knopp, City Manager *3*
SUBJECT: Update on City Hall Architectural Barrier Removal and Americans With Disabilities Act Porch Project

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Provide direction to staff.

BACKGROUND AND DISCUSSION

Staff will provide an update to the Council including efforts to save Rhododendron bushes in front of City Hall.

///



*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*

September 5, 2017

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

A handwritten signature in blue ink, appearing to be "K. Knopp", written over the name "Kyle Knopp" in the "FROM:" line.

SUBJECT: Update on Sculpture Exhibit

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Provide direction to staff

BACKGROUND AND DISCUSSION

Staff will provide an update on the Wildwood Avenue Sculpture exhibit and project.

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*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodelcity.com*



September 5, 2017

TO: Rio Dell City Council
FROM: Kyle Knopp, City Manager *3*
SUBJECT: Discussion and Possible Action on Street Trees

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Provide direction to staff.

BACKGROUND AND DISCUSSION

The City has been in discussions with the owner of Root 101 to plant 5 replacement trees somewhere in the City as a result of the removal of the median on Wildwood Avenue.

Staff has invited Mr. Doug Duppe to advise the Council and he has responded through a letter which is attached. Mr. Deppe toured the Gateway in July and does not recommend planting trees in the gateway unless they are Cypress or Palm trees or there is a significant modification to the soils in the area that would support other tree types (see the attached letter).

Staff and members of the public have made suggestions for where the trees could be located, including:

The Community Garden
CalTrans right-of-ways on Painter Street
The School District property
Fireman's Park
City Hall or Blue Star Park*
City Owned Properties on Monument and Bellevue*

*It is important to note that only the last two suggestions involve properties that the City owns. All other suggested properties will require outside approval and coordination.

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Miller Farms

NURSERY INC.

1828 CENTRAL AVENUE • (P.O. BOX 2145) • MCKINLEYVILLE, CALIF. 95519 • 707-839-1571 • FAX 707-839-2563

"Grow With Us"

July 27, 2017

City of Rio Dell

Kevin Caldwell and City Board

This is an analysis of the trees in the center divider on Wildwood Ave., from the North 101 off ramp to City Hall.

The photo of excavation for Root 101 nursery access show around one foot of topsoil over compacted river base. The compacted river base is allowing water to leave the topsoil at an increased rate. Roots of trees find it too dry and nutrient lacking. Any dry spell due to irrigated water interruption will harm the trees.

The care needed for these trees that exists (in the divider) is excessive and costly.

The Planters could be modified by digging 9'x9' tree planters that area 3-5' deep, mixing in topsoil and mulch then plant trees in these beds. This would allow trees to grow larger and with less care and water. Root liners could be added on the sides to conserve water. Lawns could stay in between the beds as grass roots are shallow and just need fertilization.

The lawns could be removed and replaced with cobble rock in-between tree planters. This would reduce maintenance and costs of fertilization, mowing and watering.

This project could be a yearly one with one center divide done each year.

Another option would be to plant trees that could grow with little topsoil such as Cypress and Palms.

This is a preliminary analysis, I can be available to help with design, installation and/or answer any questions that have to do with this project. Please feel free to contact me 707-845-6906.

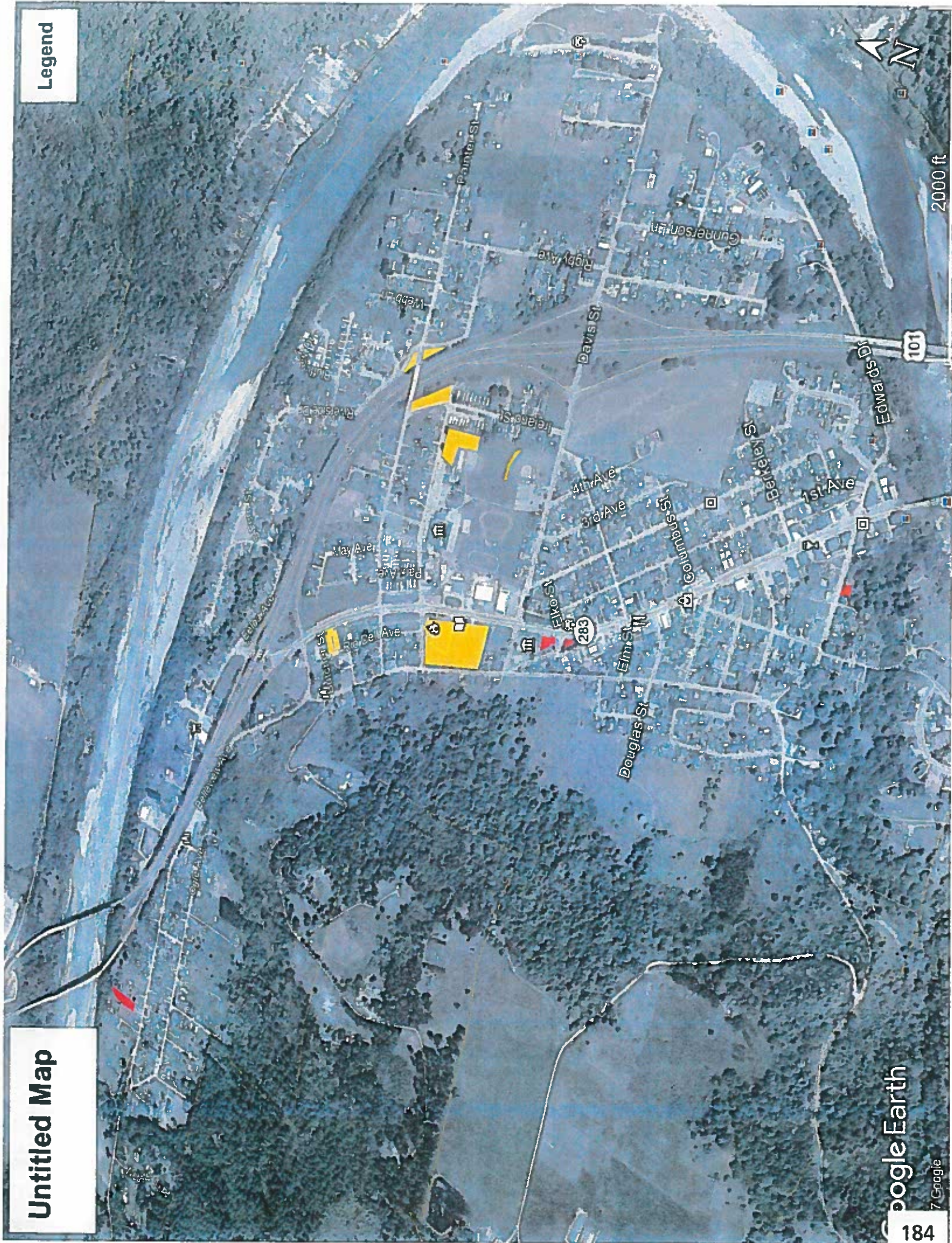
Sincerely,

Doug Deppe, ASAL

Miller Farms Nursery, Inc.

• Landscape • Excavation • Fencing • Power Equipment Sales & Service • Irrigation Systems •
• Nursery & Landscape Materials •

CONTRACTORS LICENSE NO. 365302
CLASS A, B, C-13 & C27





675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: September 5, 2017

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager 

Date: August 30, 2017

Subject: Adoption of Ordinance No. 361-2017 prohibiting the sales of recreational cannabis within the City.

Recommendation:

That the City Council:

1. Open the public hearing, receive staff's report regarding Ordinance No. 361-2017 establishing Chapter 5.40 of the Rio Dell Municipal Code (RDMC) prohibiting recreational cannabis sales within the City; and
2. Discuss, Deliberate and Make a Motion and a Second; and
3. Take Public Comment; and
4. Find that the proposed amendment has been processed in accordance with the California Environmental Quality Act (CEQA); and
6. Adopt Ordinance No. 361-2017 establishing Chapter 5.40 of the Rio Dell Municipal Code (RDMC) prohibiting recreational cannabis sales within the City.

Discussion

As reported at your meeting of August 15, 2017, beginning on January 1, 2018, AUMA makes it legal to sell and distribute cannabis through a regulated business, unless local jurisdictions adopt regulations to prohibit the sale and distribution of recreational cannabis.

Staff introduced Ordinance No. 361-2017 establishing Chapter 5.40 of the Rio Dell Municipal Code (RDMC) which would prohibit recreational cannabis sales within the City at your meeting of August 15, 2017. There was very little discussion and the draft Ordinance as presented was continued to this meeting for the second reading and adoption.

Attachments

Attachment 1: Draft Ordinance No. 361-2017 prohibiting the sales of recreational cannabis within the City.

ORDINANCE NO. 361-2017



**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIO DELL
PROHIBITING RECREATIONAL CANNABIS SALES,
CHAPTER 5.40 OF THE RIO DELL MUNICIPAL CODE:**

THE CITY COUNCIL OF THE CITY OF RIO DELL DOES ORDAIN AS FOLLOWS:

WHEREAS Proposition 64, the Adult Use of Marijuana Act (AUMA) was approved and became effective November 9, 2016; and

WHEREAS AUMA legalizes the use of recreational cannabis and creates a State regulatory and licensing system for commercial cultivation, testing, manufacturing and distribution of nonmedical cannabis; and

WHEREAS AUMA allows local jurisdictions to ban the sale of recreational cannabis; and

WHEREAS AUMA requires that local jurisdictions who choose to ban the sales of recreational cannabis, adopt such regulations prohibiting the sale of recreational cannabis prior to January 1, 2018; and

WHEREAS the proposed Ordinance has been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

WHEREAS the City has determined that the proposed Ordinance is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Rio Dell:

1. Finds that based on the nature of the project, the project is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations. Pursuant to Section 15061(b) (3) of the CEQA Guidelines this exemption is covered by the general rule that CEQA applies only to projects which have the potential for causing a *significant* effect on the environment.
4. Approves and adopts the proposed Ordinance.

BE IT FURTHER RESOLVED, that the City Council of the City of Rio Dell does hereby ordain as follows:

Section 1. Chapter 5.40 Recreational Cannabis Sales

5.40.010 Purpose.

The purpose of this Chapter is to enact and enforce a ban on the retail sale of recreational cannabis within the City.

5.40.020 Definitions.

"Cannabis" means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, "cannabis" does not mean "industrial hemp" as defined by Section 11018.5 of the Health and Safety Code.

"Recreational Cannabis Sales" means a facility or location which provides, makes available, sells or distributes cannabis.

5.40.030 Prohibited within the City of Rio Dell.

Recreational cannabis sales as defined in this chapter shall be prohibited within the City limits.

Section 2. Severability

If any provision of the ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

Section 3. Limitation of Actions

Any action to challenge the validity or legality of any provision of this ordinance on any grounds shall be brought by court action commenced within ninety (90) days of the date of adoption of this ordinance.

Section 4. CEQA Compliance

The City Council has determined that the adoption of this ordinance is exempt from review under the California Environmental Quality Act (CEQA), subject to Section 15061 of the CEQA Guidelines. Due to the nature of the proposed code revisions, there is no evidence that any significant impact to the environment would occur as a result of adoption of the Ordinance.

Section 5. Effective Date

This ordinance becomes effective thirty (30) days after the date of its approval and adoption.

I HEREBY CERTIFY that the forgoing Ordinance was duly introduced at a regular meeting of the City Council of the City of Rio Dell on August 15, 2017 and furthermore the forgoing Ordinance was passed, approved and adopted at a regular meeting of the City Council of the City of Rio Dell, held on the September 5, 2017 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Frank Wilson, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Ordinance No. 361-2017 which was passed, approved and adopted at a regular meeting of the City Council of the City of Rio Dell, held on September 5, 2017.

Karen Dunham, City Clerk, City of Rio Dell